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SUBJECT: MARCH 30 MFA PRESS BRIEFING: EXCHANGE RATE,
PRESIDENTIAL STATEMENT, JAPAN, VATICAN, ITALIAN PM
COMMENTS, ZHAO YAN, JCCT

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Summary

11. Key points made at the March 30 MFA press briefing are as follows:

- An appropriate decision on the RMB exchange rate must take into account China's level of economic development and the potential impact on the global economy.
 - China hopes the March 29 UNSC Presidential Statement will help strengthen the role and authority of the IAEA in resolving the Iranian nuclear issue.
 - Former Japanese Prime Minister Hashimoto's upcoming visit to China, during which he is scheduled to meet President Hu Jintao, reflects China's constructive attitude toward expanding friendly exchanges with Japan.
 - The Chinese Government maintains a sincere willingness to improve relations with the Holy See on the basis of two consistent principles, which MFA Spokesperson Qin Gang did not specify.
 - Referring to Italian Prime PM Berlusconi's reported statements that "babies were boiled in Mao Zedong's China," Qin expressed China's dissatisfaction with such "groundless" remarks.
 - China's judicial authorities will handle Zhao Yan's case according to the law.
 - Vice Premier Wu Yi will depart for the United States April 3 to attend the U.S.-China Joint Commission on Commerce and Trade (JCCT) session.
 - Vice President Zeng Qinghong will attend the April 21-23 Boao Forum for Asia.
 - Yemeni President Saleh will visit China April 5-10.
- End Summary.

U.S.-China Currency Issues

12. Asked during the regular March 30 MFA press briefing about recent comments by U.S. Treasury Under Secretary Adams on China's currency exchange rate, MFA

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Spokesperson Qin Gang asserted that China currently maintains a market-based and flexible exchange rate regime. An appropriate decision on the RMB exchange rate must take into account China's level of economic development and the potential impact on the global economy. Such a decision must remain in line with the country's real situation, he emphasized.

UNSC Presidential Statement on Iran

13. Asked to comment on the UNSC Presidential Statement on Iran, Qin noted that the March 29 Presidential Statement calls on Iran to follow the steps required by the IAEA Board of Governors. In particular, the Presidential Statement requires Iran to fully resume suspension of all Iranian enrichment-related processing activities, including research and development. It also emphasizes strong UNSC support for the IAEA role in resolving the Iranian nuclear issue, Qin highlighted, expressing the hope that the Presidential Statement will help strengthen the role and authority of the IAEA. There is still room for a diplomatic resolution to the issue within the IAEA framework, and the international community should take measures to achieve a negotiated resolution.

Japanese Friendship Association Delegation

14. Questioned about the agenda of reported upcoming talks between President Hu Jintao and a delegation of Japanese Sino-Japan friendship associations led by

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former Prime Minister Hashimoto, Qin indirectly confirmed the meeting, remarking that the content of the meeting will only be known following its conclusion. Describing the purpose of the Japanese visit, he cited policy statements by President Hu and Premier Wen Jiabao on strengthening people-to-people contact. Former Prime Minister Hashimoto's visit reflects China's constructive attitude toward expanding friendly exchanges with Japan. Asked whether the visit will help chances for a China-Japan summit meeting, Qin maintained that Tokyo is clear on Beijing's policy on bilateral relations. Japan should make serious efforts to improve Sino-Japanese relations. Questioned about reported plans to revise Japanese textbook characterizations of the East China Sea, Qin argued that the Diaoyu Islands and proximate islands comprise a longstanding and integral part of Chinese territory. This is based on indisputable legal grounds and Japan should take China's position seriously, he stressed, while remarking that such issues should always be addressed through appropriate channels.

Papal Visit to China

15. Asked by the China Daily correspondent about reported statements by the Vatican Foreign Ministry that the Pope hopes to visit China in 2008, Qin asserted that the Chinese Government maintains a sincere willingness to improve relations with the Holy See on the basis of two consistent principles, which he did not specify. Beijing has made constructive efforts to enhance relations and hopes the Vatican will take concrete actions to create conditions for the improvement of China-Vatican relations.

China Dissatisfied with PM Berlusconi's Comments

¶16. Responding to the China Daily correspondent's question about Italian Prime Minister Berlusconi's reported statement that "babies were boiled in Mao Zedong's China," Qin expressed China's dissatisfaction with such "groundless" remarks. Statements by Italian officials should be conducive to the stable development of China-Italy relations.

Zhao Yan

¶17. Asked about the legal status of detained NYT journalist Zhao Yan, Qin said he had no additional information. China's judicial authorities will handle the case according to the law.

Wu Yi to the JCCT

¶18. Qin announced that Vice Premier Wu Yi will depart for the United States April 3 to attend the U.S.-China Joint Commission on Commerce and Trade (JCCT) session, which will also be led by Secretary of Commerce Gutierrez and USTR Portman. Vice Premier Wu will also pay a visit to several U.S. states.

VP Zeng to Boao

¶19. Vice President Zeng Qinghong will attend the April 21-23 Boao Forum for Asia, where he will deliver a keynote speech, Qin reported. VP Zeng will also meet with other state leaders and representatives at Boao.

Yemeni President's to Visit

¶10. Qin announced that Yemeni President Saleh will visit China April 5-10.
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